

GENERAL COUNSEL'S REPORT

March 25, 2015

- A. Behavioral Healthcare Center at Memphis, Memphis (Shelby County), TN — CN0711-089AE
Request for a modification and a third extension of the expiration date. The project was approved on May 28, 2008 for the establishment of a sixteen (16) bed mental health hospital and the initiation of inpatient psychiatric services. The inpatient beds and services will be focused on the geriatric population, and all sixteen (16) beds will be designated as geriatric psychiatric beds. The modifications will reduce the estimated project cost to \$2,734,737, which is a reduction of \$3.9 million.

The modification request includes the following:

- 1) Relocation from a freestanding building into a dedicated and newly constructed addition of the building occupied by Harbor View, Inc. Concurrent with licensure of the 16-bed mental health hospital for geriatric patients, 17 nursing home beds at Harbor View Nursing and Rehabilitation Center will be delicensed.
- 2) A reduction in square footage from 32,500 square feet to 10,912 square feet.
- 3) A reduction in the approved project cost from \$6,643,912 to \$2,734,737.
- 4) A change in the description from the "unaddressed site" language to 1513 North Second Street, Memphis, TN 38107

The extension request is for an additional 9 months which would extend the expiration from July 1, 2015 to April 1, 2016. The first extension extended the expiration date from July 1, 2011 to July 1, 2013. The second extension extended the expiration July 1, 2013 to July 1, 2015.

March 2009- Progress report indicated construction had not begun.

June 2010-Progress report indicated construction had not begun. It noted that an extension would be requested.

April 27, 2011- Agency granted a 24 month extension from July 1, 2011, to July 1, 2013.

July 2011- Progress report indicated construction had not begun.

May 2012- Progress report indicated construction had not begun but did note that building plans had been reviewed by local officials.

May 22, 2013-Agency granted a 24-month extension from July 1, 2013 to July 1, 2015.

February 2014 – A staff determination was requested regarding whether a CON would be required to change the location of the facility from a free-standing, yet to be constructed building into a portion of an existing building and facility located just a few feet away. The applicant was informed that a CON would not be required since the property was on the same site; however a request for modification would be required, because the proposed changes would exceed 10% in cost and square footage, though the services would remain the same.

July 2014 – Per Annual Progress Report the construction is scheduled to begin soon.



Jerry W. Taylor
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February 26, 2015

Melanie M. Hill
Executive Director
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243-0200

Re: Behavioral Healthcare Center at Memphis
CN0711-089AE

Dear Ms. Hill:

This is to request a modification to the certificate of need referenced above. Behavioral Healthcare Center of Memphis, Inc. ("BHC-M, Inc.") holds a certificate of need for the establishment of a 16 bed mental health hospital dedicated to serving the senior population. The facility, Behavioral Healthcare Center at Memphis ("BHC at Memphis") is approved to be located in a building to be constructed on an unaddressed site fronting 2nd Avenue in Memphis. The expiration date of the CON is July 1, 2015. Construction has not begun on the new building.

The requested modification would allow BHC at Memphis to be consolidated into a dedicated wing consisting of 9,024 sq. ft. of space in an existing building now operating as Harbor View Nursing and Rehabilitation Center ("Harbor View"), owned by Harbor View Nursing and Rehabilitation Center, Inc., ("Harbor View, Inc.") an affiliate of BHC-M, Inc. A small addition to the Harbor View wing consisting of 1,888 square feet would also be constructed. Harbor View would continue to operate as a skilled nursing facility in the other dedicated portions of the building. The Harbor View building is just feet away from the site approved for BHC at Memphis and is under affiliated ownership. The HSDA staff has previously determined a new CON for a "change of site" is not required under these facts.

The specific changes for which Agency approval and a modification are sought are the following:

1. Relocation of BHC at Memphis from a free-standing building into a dedicated wing and newly constructed addition of the building occupied by Harbor View, Inc. Harbor

View will continue to operate as a skilled nursing facility in a different dedicated portion of the building. Upon licensure of the new BHC at Memphis beds, Harbor View, Inc. will de-license approximately 17 nursing home beds in order to provide space in the building for BHC at Memphis. A letter from Harbor View, Inc. supporting this request and acknowledging the proposed de-licensing of beds is attached as Attachment 1. A site plan showing the respective portions of the building dedicated to each facility is attached as Attachment 2. Physical separation of the two facilities will be accomplished by the use of fire walls and doors. Administrative separation will be accomplished by having separate administrators, different licensee/operators, and separate staff except for certain shared services. As was the case with the approved BHC at Memphis project, the two facilities will share dietary, laundry and maintenance services and staff in order to maximize efficiencies.

2. A reduction in square footage for BHC at Memphis from 32,500 square feet to approximately 10,912 square feet. Although this is a large reduction of space, patient comfort and quality of care will not be compromised. An affiliated company operates a similar 16 bed facility of approximately the same square footage in Weakly County. All patient rooms at BHC at Memphis will still be private rooms. A floor plan for BHC at Memphis as located in the Harbor View building is attached as Attachment 3. There will be no change in the number of licensed beds at BHC at Memphis, and there will be no change in the services to be provided.

3. A reduction in approved costs from \$6,643,912 (exclusive of filing fees) to \$2,734,737.00 (exclusive of filing fees). A copy of the approved Project Costs Chart for BHC at Memphis, and a mock up Project Costs Chart for the modified proposal are attached as Attachment 4. The owner of the Harbor View land and building is Harbor View Properties, Inc. ("Harbor View Properties"). An Option to lease a portion of the existing building and a newly constructed addition from Harbor View Properties to BHC-M, Inc. is attached as Attachment 5.

4. A 9 month extension of the expiration date from July 1, 2015 to April 1, 2016. While construction is expected to be complete in 6 months, the additional 3 months is included as a cushion to allow time for licensure inspection.

5. A change in the description of the certified site for BHC at Memphis from the "unaddressed site" language to 1513 North Second Street, Memphis, Tennessee 38107. While the Post Office will not assign an address until the permit is granted, the foregoing is the address of Harbor View. We anticipate the final address will be this with a possible "Suite A" or "Suite B" extender.

The consolidation sought to be accomplished by the modification holds several significant benefits. The applicant would drastically reduce the size of new construction, which would result in a cost savings of approximately \$3.9 million. The consolidation of the facilities into one existing building makes the best and most efficient use of health care resources. The

Melanie M. Hill
February 26, 2015
Page 3

proposed consolidation will significantly reduce the time necessary to get BHC at Memphis licensed and operational.

Attached as Attachment 6 is a letter of support from Shelby County Mayor Mark H. Luttrell, Jr. Attached as Attachment 7 is a letter of support from Memphis Mayor A.C. Wharton, Jr.

Please place this request on the agenda for the March 25, 2015 HSDA meeting. Thank you for your assistance.

Sincerely yours,

BURR & FORMAN, LLP



Jerry W. Taylor

In accordance with HSDA Rule 0720-10-.06(8)(b), a copy of this request is being sent to the following parties who opposed the original CON, or their agents:

cc: Kim Looney, Esq.
Attorney for St. Francis Hospital-Bartlett
kim.looney@wallerlaw.com

Mike Brent, Esq.
Attorney for Lakeside Behavioral Health System
mbrent@babc.com

Mike Brent, Esq.
On behalf of Mike Hampton/Americare
mbrent@babc.com

NAMI of Memphis
2009 Lamar Ave.
Memphis, TN 38114

Harbor View



1513 North Second Street • Memphis, TN • 38107
Phone: (901) 272-2494 • Fax: (901) 272-6976 • Email: admhbv@thmgt.com

February 24, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Behavioral Healthcare Center of Memphis, Inc.
CN0711-089AE


Dear Ms. Hill:

Harbor View Nursing and Rehabilitation Center, Inc. ("Harbor View, Inc.") is the licensee of Harbor View Nursing and Rehabilitation Center, Inc., a 120 bed skilled nursing facility located at 1513 North Second Street in Memphis. Harbor View Properties, Inc. owns the land and building which houses Harbor View Nursing and Rehabilitation Center, Inc. The purpose of this letter is to express both companies' support for the requested modification of the certificate of need ("CON") held by Behavioral Healthcare Center of Memphis, Inc. ("BHC-Memphis") to allow it to locate its approved facility into a dedicated portion of the building owned by Harbor View Properties and currently occupied by Harbor View, Inc.

This will also serve to acknowledge and verify Harbor View, Inc.'s commitment to de-license 17 of its beds to provide sufficient space for the BHC-Memphis facility within the building, if the modification is approved. Such de-licensure would occur no later than the date the BHC facility receives occupancy and licensure approval. The proposed modification and subsequent consolidation of the two facilities into the Harbor View building will improve the efficiencies of both Harbor View, Inc. and BHC-Memphis, while allowing the respective facilities to meet the needs of their current and future patients.

Sincerely yours,


Chris Childress, Administrator
Harbor View Nursing and Rehabilitation Center, Inc.


Bruce Buchanan, President
Harbor View Properties, Inc.

150 Union Avenue,
Memphis, TN 38104
Tel: 901-278-6868
www.anf.com



PROJECT NAME
TENNESSEE HEALTH
MANAGEMENT
THM BHC MEMPHIS

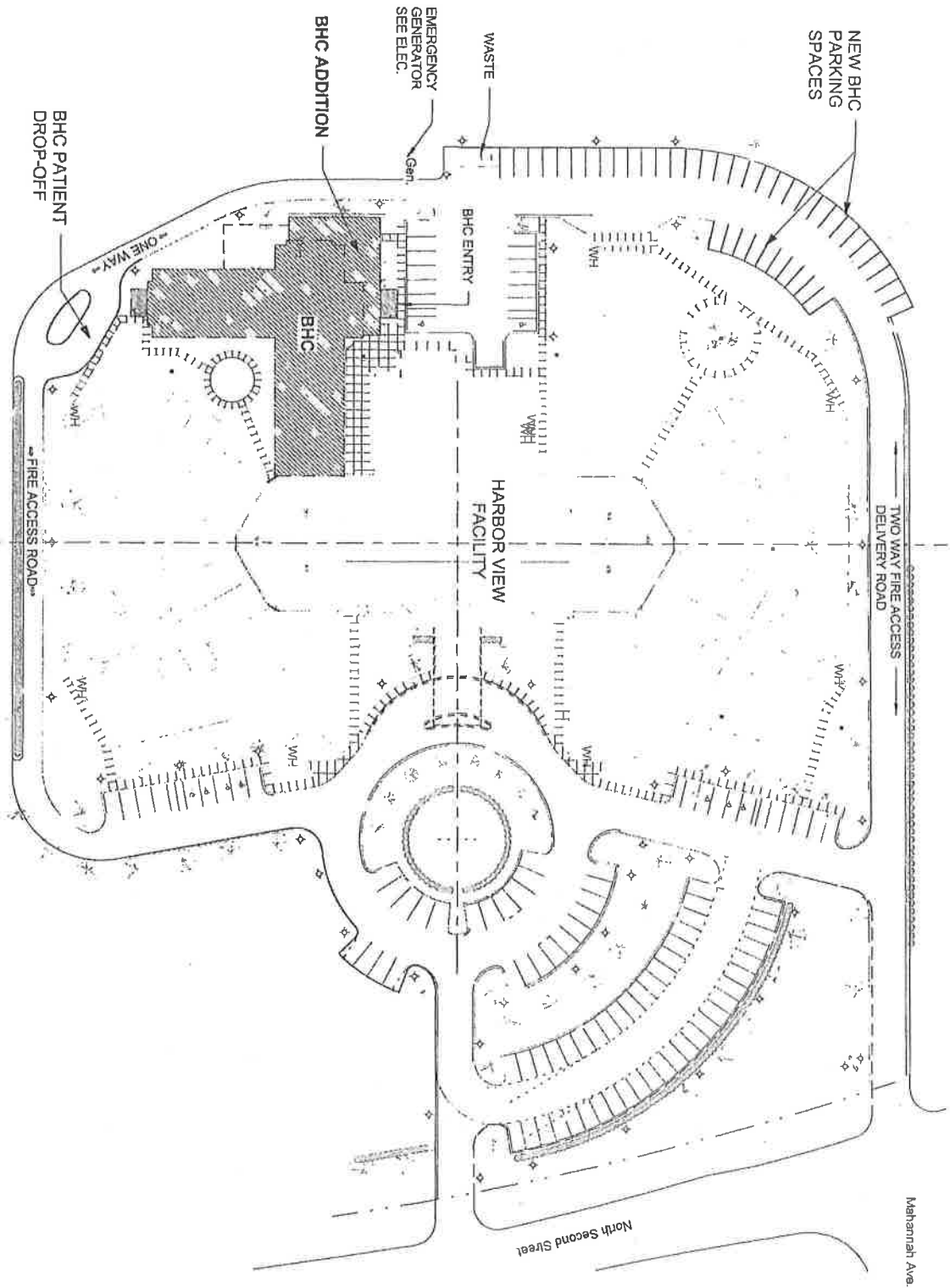
SHEET TITLE
SITE PLAN

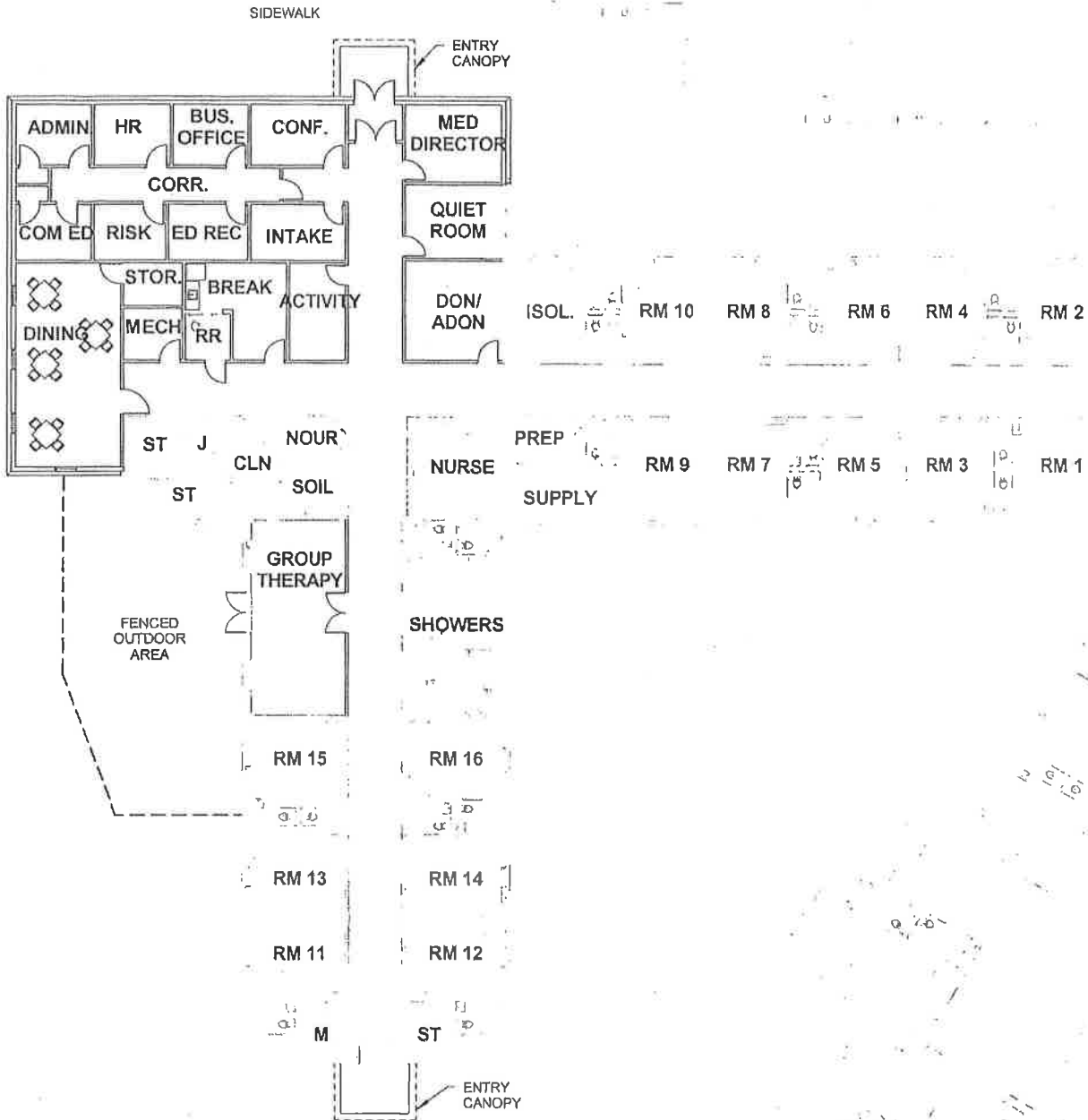
PROJECT NUMBER
13028

DATE
12/23/2014

SHEET NO
SK-01

© 2014 ANF ARCHITECTS





1 ALZ WING FIRST FLOOR PLAN

1/16" = 1'-0"



1500 Union Avenue
Tel. 901-278-6868

Memphis, TN 38104
www.anfa.com

PROJECT NAME
TENNESSEE HEALTH MANAGEMENT
THM BHC MEMPHIS
DRAWN
LE
CHECKED
SD
PROJECT NUMBER
13028

DATE
12/23/2014

SHEET TITLE
ALZ WING
SHEET NO.
SK-02

© 2014

PROJECT COSTS CHART

Mock up for BHC-Memphis and Harbor View Building Consolidation

A.	Construction and equipment acquired by purchase:	
	1. Architectural and Engineering Fees	\$ 30,000.00
	2. Legal, Administrative, Consultant Fees	\$5,000.00
	3. Acquisition of Site	
	4. Preparation of Site	
	5. Construction Costs	\$1,181,871.00
	6. Contingency Fund	\$ 60,000.00
	7. Fixed Equipment (Not included in Construction Contract)	
	8. Moveable Equipment (List all equipment over \$50,000.00)	\$ 66,000.00
	9. Other (Specify) _____	
B.	Acquisition by gift donation, or lease:	
	1. Facility (Inclusive of building and land)	\$ 1,265,333.00
	2. Building Only	
	3. Land Only	
	4. Equipment (Specify) _____	
	5. Other (Specify) _____	
C.	Financing Costs and Fees:	
	1. Interim Financing	
	2. Underwriting Costs	
	3. Reserve for One Year's Debt Service	\$ 126,533.00
	4. Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)	\$ 2,734,737.00
E.	CON Filing Fee	\$ 7,496.05
F.	Total Estimated Project Cost (D & E)	\$ 2,742,233.05
	TOTAL	\$ 2,742,233.05

ORIGINAL
PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$ 321,552.00
2. Legal, Administrative, Consultant Fees	\$ 20,000.00
3. Acquisition of Site	
4. Preparation of Site	
5. Construction Costs	
6. Contingency Fund	\$ 500,000.00
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over \$50,000.00)	\$ 500,000.00
9. Other (Specify) _____	

B. Acquisition by gift donation, or lease:

1. Facility (Inclusive of building and land)	\$ 5,302,360.00
2. Building Only	
3. Land Only	
4. Equipment (Specify) _____	
5. Other (Specify) _____	

C. Financing Costs and Fees:

1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify) _____	

D. Estimated Project Cost (A+B+C)	\$ 6,643,912.00
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E. CON Filing Fee	19,989.46
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F. Total Estimated Project Cost (D & E)	\$ 6,663,901.46
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TOTAL	\$ 6,663,901.46
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LEASE OPTION AGREEMENT

This LEASE OPTION AGREEMENT is made and entered into this 24th day of February, 2015 by and between Harbor View Properties, Inc., a Tennessee corporation, ("Optionor") and Behavioral Healthcare Center at Memphis, Inc., a Tennessee corporation, ("Optionee") ("Agreement").

RECITALS

WHEREAS, Optionor owns a building located at 1513 North Second Drive, Memphis, Tennessee (the "Property"), and leases the Property to an affiliated company Harbor View Nursing and Rehabilitation Center, Inc., which operates a 120 bed skilled nursing facility therein; and

WHEREAS, Optionee previously obtained a Certificate of Need ("CON") to establish a 16 bed mental health hospital (the "Project") on an unaddressed site at 2nd Avenue and Parr Avenue, Memphis, Tennessee (the "Original Site"), which is immediately adjacent to the Property; and

WHEREAS, Optionee finds the Property a more economically feasible location for the Project than the Original Site and intends to file a request for a CON Modification permitting it to change the location of the Project to the Property; and

WHEREAS, Optionor is willing to construct a 1,888 square foot addition to the existing facility on the Property, renovate 9,024 sq. ft. of existing space (cumulatively the "Premises") and lease the Premises to Optionee in order to allow the consolidation of the Project into the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the payment of good and valuable consideration by Optionee to Optionor, the receipt of which is hereby acknowledged, the parties agree as follows:

1. *Grant of option.* Optionor irrevocably grants to Optionee the exclusive option to lease from Optionor the Premises in accordance with the terms hereof.

2. *Term.* This option shall continue in effect until thirty (30) days following Optionee's receipt of notice from the Health Services and Development Agency concerning its ruling on Optionee's CON Modification or, if applicable, the final appeal of such ruling (the "Option Closing Date"). This option shall automatically terminate, without notice to Optionee, at 5 p.m. on the Option Closing Date, if prior thereto Optionee shall not have exercised the within option. The exercise of this option must be by written notice sent to Optionor in the manner prescribed by paragraph 10 below before its expiration or termination.

3. *Failure to exercise option.* If Optionee shall fail to exercise the within option at any time herein permitted, this Agreement shall thereupon terminate and neither party shall have any further rights or obligations hereunder.

4. *Exercise of option.* If Optionee's CON Modification is approved and this option is exercised (in accordance with its terms), Optionor shall renovate the existing space and construct the additional space and lease the Premises to Optionee and Optionee shall lease the Premises from Optionor for an initial term of ten (10) years at an estimated monthly rent of \$7,908.33 per bed, per year and subject to such terms and conditions contained in a definitive lease agreement to be mutually prepared and agreed upon by the parties (the "Lease"). Optionee shall have an option to renew the Lease for additional term(s).

5. *Lease price.* The total lease price for the Property over the initial term is estimated to be approximately \$1,265,332.80, payable in equal monthly installments as provided in the Lease. All amounts paid for this option shall be credited against the first month's rent under the Lease.

6. *Closing.* The closing of this option shall be at the offices of Optionor, 1971 Tennessee Avenue North, Tennessee 38363 at 10 a.m. on the Option Closing Date provided that the option is exercised in accordance with the terms hereof.

7. *Brokerage.* The parties warrant and represent to each other that no broker brought about, or participated in, this option or transaction. Optionee shall indemnify and hold Optionor harmless against all liabilities and expenses (including, without limitation, reasonable attorneys' fees) arising from any claims for brokerage on this transaction based on any act of Optionee. The warranties, representations and agreements contained in this paragraph shall survive any closing of the transaction contemplated by this option.

8. *Cumulation of Remedies.* Except as expressly provided herein, the various rights, options, elections, powers, and remedies of the respective parties hereto contained in, granted, or reserved by this Agreement, are in addition to any others that said parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any others, or of any right or priority allowed by law.

9. *Attorneys' Fees.* In the event that any action is brought by either party to enforce or interpret the terms of this Agreement, the prevailing party in such action shall be entitled to its costs and reasonable attorneys' fees incurred therein from the non-prevailing party, in addition to such other relief as the court may deem appropriate.

10. *Notices.* All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been delivered to a party upon personal delivery to that party or: (i) one (1) business day following electronically confirmed delivery by facsimile transmission to the telephone number provided by the party for such purposes, if simultaneously mailed as provided herein; (ii)

one (1) business day following deposit for overnight delivery with a bonded courier holding itself out to the public as providing such services, with charges prepaid; or (iii) three (3) business days following deposit with the United States Postal Service, postage prepaid, and in any case addressed to the party's address set forth below, or to any other address that the party provides by notice, in accordance with this Section, to the other party:

If to Optionor: Harbor View Properties, Inc.
Attn: Kelly Thomas
P.O. Box 10
Parsons, Tennessee 38363
Fax: 731-847-4201

If to Optionee: Behavioral Healthcare Center at Memphis, Inc.
Attn: Melanie Parham, Regional Director of
Hospital Operations
P.O. Box 1006
Martin, Tennessee 38337
Fax: 731-587-3225

11. *Assignment.* Neither party shall have the right or the power to assign this Agreement nor any of the rights or obligations inuring to or imposed upon it herein, and any attempted or purported assignment shall be null and void and of no effect.

12. *Binding on Successors and Assigns.* Notwithstanding anything to the contrary in this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permissible assigns.

13. *No Third Party Rights.* Nothing in this Agreement shall be construed as creating or giving rise to any rights in any third parties or any persons other than the parties hereto.

14. *Waiver.* Any waiver of any term or condition of this Agreement must be in writing and signed by the parties. No delay or failure by either party to exercise any right or remedy it may have under this Agreement shall operate as a continuing waiver of such right or remedy, or prejudice such party's right to insist upon full compliance by the other party with the terms of this Agreement.

15. *Headings.* The headings contained in this Agreement are for convenience of reference only and shall in no way be held or deemed to be a part of or affect the interpretation of this Agreement.

16. *Severability.* The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal, or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

17. *Entire Agreement.* This Agreement contains the sole and entire agreement between the parties regarding the subject matter hereof, and supersede any and all prior agreements between the parties. The parties acknowledge and agree that neither of them has made any representations with respect to the subject matter of this Agreement, or any representation inducing the execution and delivery hereof, except such representations as are specifically set forth and/or referenced herein, and each of the parties hereto acknowledges that it has relied on its own judgment in entering into the same.

18. *Amendments.* This Agreement may be amended at any time by mutual agreement of the parties without additional consideration, provided that before any amendment shall become effective, it shall be reduced to writing and signed by each of the parties.

19. *Governing Law.* The validity, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

20. *Continuing Obligations.* Whether specifically identified or not, the obligations of the parties under this Agreement which by their nature or content would continue beyond the expiration or termination of this Agreement shall survive any expiration or termination of this Agreement.

21. *Authority to Execute.* Each party has been represented by counsel in the negotiation and execution of this Agreement. This Agreement was executed voluntarily without any duress or undue influence on the part of or on behalf of the parties hereto. The parties acknowledge they have read and understood this Agreement and its legal effect. Each party acknowledges it has had a reasonable opportunity to obtain independent legal counsel for advice and representation in connection with this Agreement. Each party further acknowledges that it is not relying on and it is not, for the purposes of the negotiation, execution and delivery of this Agreement, a client of the legal counsel employed by any other parties to this Agreement. Each of the undersigned represents and warrants that he/she has the authority to execute this Agreement on behalf of the respective party and that such action has been properly authorized.

22. *Confidentiality.* This Agreement is confidential and may only be disclosed to the parties hereto, government agencies, and the parties' insurance carriers, accountants, and lawyers, or as agreed upon by the parties hereto in writing, or as required by law. Each party shall treat all nonpublic information obtained as part of this engagement as confidential and shall not, without written authorization from the other party, release or share such information with any third party, except as may be required by law. Each party agrees that prior to reporting any actual or perceived violation of law to any governmental entity, even if required by law to do so, they will first discuss any potential legal or compliance matter with the other party and, unless otherwise required by law, provide the other party with an opportunity to investigate and appropriately report any compliance matter brought to its attention.

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Suite 800
Nashville, TN 37219
(615) 782-2200
(615) 782-2371 Fax
www.stites.com

February 10, 2014

Jerry W. Taylor
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(615) 742-0703 FAX
jerry.taylor@stites.com

James B. Christoffersen
General Counsel
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Re: Behavioral Healthcare Center at Memphis
CN0711-089AE

Dear Jim:

This is to request a staff determination as to whether a CON would be required to change the location of the above referenced facility from a free-standing, yet-to-be-constructed building, into a portion of an existing building and facility located just feet away. The facts are as follows:

The applicant and CON holder is Behavioral Healthcare Center of Memphis, Inc. (BHC at Memphis). The land owner and lessor of the yet-to-be-constructed building is Harbor View Properties, Inc. (HVPI). Both BHC at Memphis and HVPI are wholly owned subsidiaries of American Health Companies, Inc. (AHC).

The approved site for the BHC at Memphis CON is "an unaddressed site at 2nd Avenue and Pear Avenue Memphis (Shelby County)." Ground breaking has not yet taken place for the facility at this site. The site approved for BHC at Memphis is still unaddressed.

The second facility involved in this proposal is Harbor View Nursing and Rehabilitation Center (Harbor View), f/k/a Court Manor Nursing Center. Harbor View is also a wholly owned subsidiary of AHC. In June of 2006 a CON (CN0603-017AME) was granted to Court Manor, Inc., a wholly owned subsidiary of AHC, for the relocation and replacement of a 98 bed nursing home, and the addition of 22 beds for a total of 120 beds. The approved site for this project was "an unaddressed, undeveloped site in the 1200 block of North 2nd Street South & North 7th Street in Memphis (Shelby County)." This CON has been implemented and the nursing home (now called Harbor View Nursing and Rehabilitation Center) is fully licensed and operational. It has since been assigned an address: 1513 North Second Street, Memphis, Tennessee.

The site authorized for BHC at Memphis and the site currently occupied by Harbor View are on immediately adjoining parcels of land, and they are both owned by the same AHC subsidiary, Harbor View Properties, Inc.

James B. Christoffersen
February 10, 2014
Page 2

The two sites are so close together, that although the two facilities (Harbor View and BHC at Memphis) were envisioned to be separate structures, they were going to share certain services (including dietary, housekeeping, laundry and maintenance) and in all likelihood would have been connected by a covered and/or enclosed walkway. The site plan that was submitted with the BHC at Memphis CON application, attached as Attachment 1, shows the footprint of the "Future Home of Court Manor Nursing Home" immediately adjacent to the footprint for the BHC at Memphis facility. A more recent "as built" site plan for Harbor View is also attached, and the site for BHC Memphis is indicated thereon. See Attachment 2.

The parent company proposes to forgo new construction for BHC at Memphis, and instead locate the 16 bed mental health facility in a portion of the building occupied by Harbor View. To accomplish this, Harbor View would de-license the requisite number of nursing home beds. The BHC at Memphis beds (geriatric psych beds) would be in a distinct dedicated portion of the building. This proposed consolidation of BHC at Memphis into the Harbor View building would drastically reduce the cost of the BHC at Memphis project and shorten the time required to implement the CON for BHC at Memphis. This consolidation would also positively enhance the economics and financial performance of Harbor View, and Harbor View strongly supports the same.

The estimated cost of the BHC at Memphis project will decrease significantly and no extension of time would be sought at this time. No other CON coverage category would be involved; i.e., the capital expenditure threshold would not be exceeded, no major medical equipment would be acquired, no new covered service would be initiated, and no new beds would be involved.

In light of the foregoing we would appreciate your guidance on two questions:

1. Would a CON for a "relocation" of BHC at Memphis be required?
2. If not, would a modification of the BHC at Memphis CON be required?

Please let me know if you have any questions, or if additional information is needed. Thank you in advance for your assistance.

Sincerely yours,

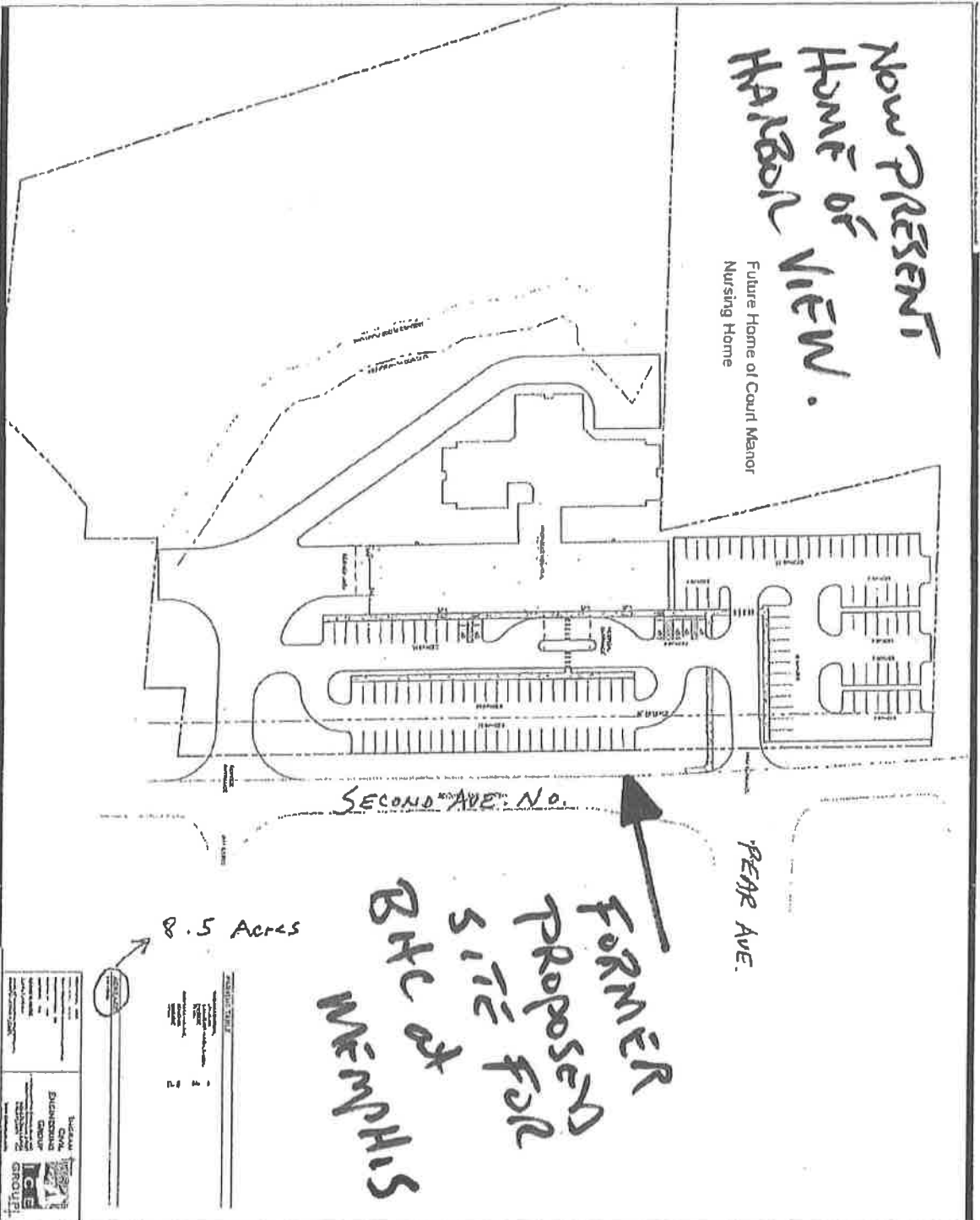
STITES & HARBISON PLLC



Jerry W. Taylor

Now PRESENT
Home of
HARBOR VIEW.

Future Home of Court Manor
Nursing Home



FORMER
PROPOSED
SITE FOR
BHC of
MEMPHIS

8.5 Acres

CON SUBMITTAL - NOT FOR CONSTRUCTION

PROJECT NO. 00390.07 DATE October 5, 2007 C200 CONCEPTUAL SITE PLAN	SCALE 1" = 100' NORTH [Arrow pointing up]
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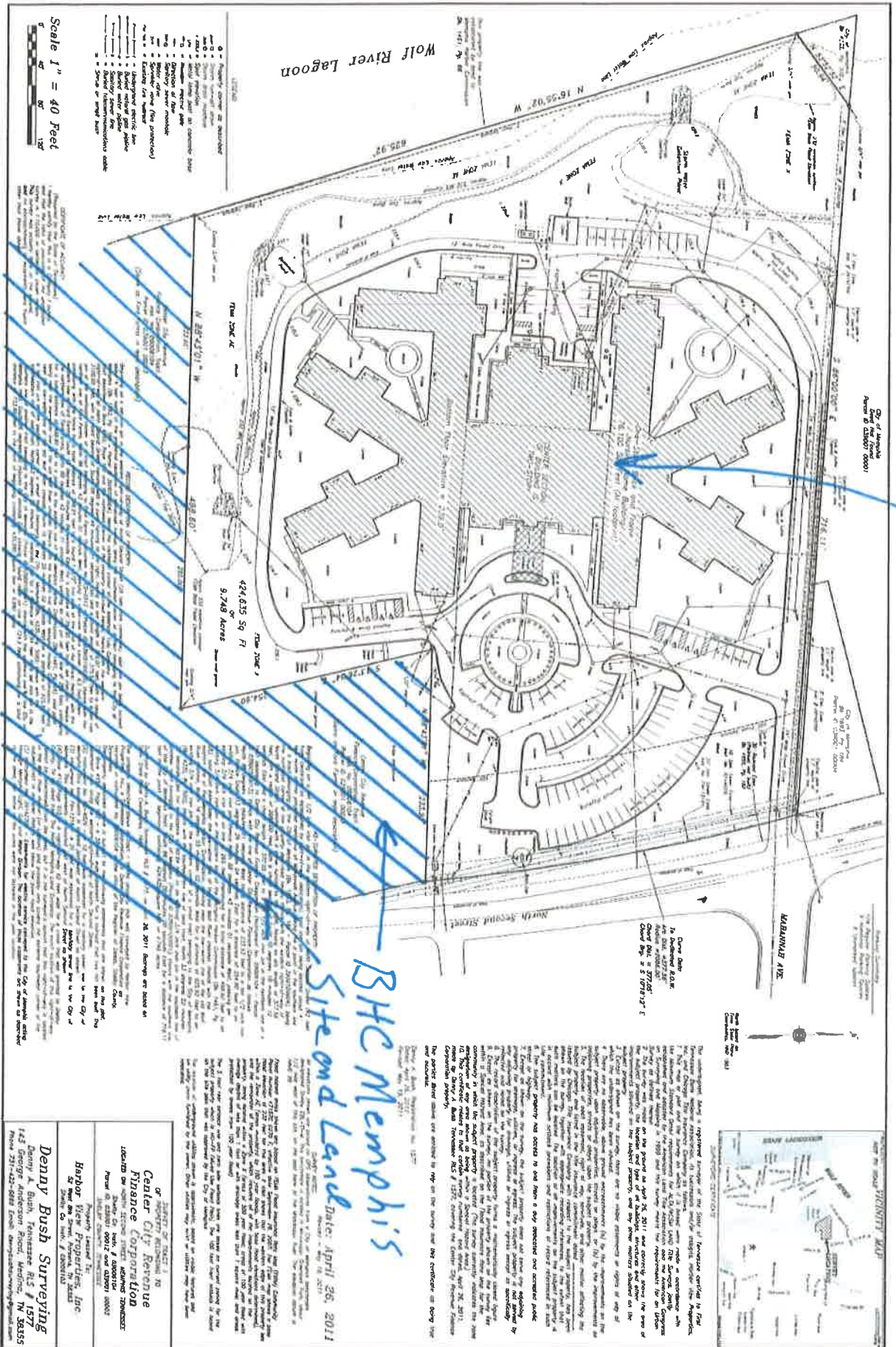
Behavioral Healthcare

JICA

Attachment B-III (A)

Attachment 1

Harbor View
Nursing + Rehab



Attachment 2



A C WHARTON, JR.
MAYOR

February 24, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am pleased to support the certificate of need (CON) modification request for the Behavioral Healthcare Center (BHC) at Memphis (CN0711-089AE). The modification of the existing CON seeks to relocate BHC Memphis into a dedicated wing of Harbor View Nursing and Rehabilitation Center rather than construct a new facility on a site adjacent to Harbor View. The CON modification also requests a 9 month extension of the current July 1, 2015, expiration date.

BHC Memphis will provide specialized inpatient psychiatric care to the geriatric population in a small, home-like setting. Other providers in Memphis are primarily psychiatric units within larger short term acute care hospitals, or large stand-alone psychiatric facilities that do not specialize in care of the elderly.

BHC Memphis is locating in an underserved area, bringing much needed, highly effective inpatient psychiatric care for seniors to North Memphis. BHC Memphis will bring approximately 35+ new jobs to the area. The consolidation of the two facilities into one existing building makes the best and most efficient use of health care resources and significantly reduces the time necessary to get BHC Memphis licensed and operational.

Thank you for your favorable consideration of this request. Please advise if we may be of further assistance.

Sincerely,



A C Wharton, Jr.



Shelby County Government

MARK H. LUTTRELL, JR.
MAYOR

February 20, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the certificate of need (CON) modification for the Behavioral Healthcare Center (BHC) at Memphis (CN0711-089AE). The approved CON for the BHC Memphis project, set to expire July 1, 2015, includes plans for a newly constructed, 16 bed mental health hospital for geriatric patients. The modification request amends those plans for construction of a new facility and instead the project would be developed as a new wing in the Harbor View Nursing and Rehabilitation Center, which is adjacent to the originally planned site. The modification also requests a 9 month extension to ensure that the project is completed before the expiration deadline.

The Shelby County Government currently manages the Aging Commission of the Mid-South (ACMS), which is the designated Area Agency on Aging and Disability for Fayette, Lauderdale, Shelby, and Tipton Counties in West Tennessee. ACMS spearheads planning efforts in this region to ensure that we are prepared to accommodate the growing aging population. The BHC Memphis project serves an important need for Shelby County and we see this as a future resource for assisting the elderly members of this community.

I would like to ask that you please consider approval of this modification for this worthy project. If you have any questions or concerns, please feel free to contact me or Paul Young, Director of Legislative Affairs, on my staff. Paul can be reached at 901-222-2018 or paul.young@shelbycountyttn.gov.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark H. Luttrell, Jr.", is written over a horizontal line.

Mark H. Luttrell, Jr.
Mayor

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN0711-089AE** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Behavioral Healthcare Center at Memphis, Inc.
PO Box 10, 52 W. Eighth Street
Parsons, TN 38363

For: Behavioral Healthcare Center at Memphis

This Certificate is issued for: The establishment of a sixteen (16) bed mental health hospital and the initiation of inpatient psychiatric services. The inpatient beds and services will be focused on the geriatric population, and all sixteen (16) beds will be designated as geriatric psychiatric beds. The facility will be licensed as a mental health hospital by the Tennessee Department of Mental Health and Developmental Disabilities.

* This Certificate is a replacement of the originally issued Certificate of Need pursuant to Agency Rule 0720-10-.06 Expiration, Revocation, and Modification of issued Certificates. Request of a second Extension of the Expiration date for twenty-four (24) months from July 1, 2013 to July 1, 2015 was granted at the May 22, 2013 Health Services and Development Agency Meeting. The first request for an Extension of the Expiration date for twenty-four (24) months from July 1, 2011 to July 1, 2013 was granted at the April 27, 2011 Health Services and Development Agency Meeting. This project was originally approved on May 28, 2008 with an expiration date of July 1, 2011.

On the premises located at: unaddressed site at 2nd Avenue and Pear Avenue.
Memphis (Shelby), TN 38105

For an estimated project cost of: \$6,663,901.00

The Expiration Date for this Certificate of Need is

* July 1, 2015

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: May 28, 2008


Chairman

Date Issued: June 25, 2008

1st Date Reissued: May 22, 2011

2nd Date Reissued: May 28, 2014


Executive Director